

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7300

BILL NUMBER: HB 1392

NOTE PREPARED: Feb 14, 2007

BILL AMENDED: Feb 13, 2007

SUBJECT: Alcoholic Beverage Permits.

FIRST AUTHOR: Rep. Stevenson

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill allows the Alcohol and Tobacco Commission (ATC) to issue five additional alcoholic beverage permits to restaurants located in an economic development area in Clarksville in Clark County. The bill allows the ATC to issue not more than 10 new three-way permits within each of the following: (1) In Schererville and economic development areas near Schererville. (2) In redevelopment project areas in Carmel. (3) A district or within 1,500 feet of a district in Mishawaka.

Effective Date: July 1, 2007.

Explanation of State Expenditures: Allowing the Alcohol and Tobacco Commission (ATC) to issue these additional permits and hold an auction for these permits may result in an increase in administrative costs for the ATC. It is estimated that any increase in costs will be offset by the increase in permit fee revenues.

Explanation of State Revenues: (Revised) This bill will result in an indeterminable increase alcohol retailer permit fee revenues deposited in the Excise Fund. The bill would allow the ATC, after June 30, 2007, to issue, without regard to the statutory quotas, not more than 10 new one-way, two-way, or three-way permits within each of the following:

- (1) In Schererville and economic development areas near Schererville.
- (2) In redevelopment project areas in Carmel.
- (3) A district or within 1,500 feet of a district in Mishawaka.

The bill also allows the ATC to issue 5 additional alcoholic beverage permits to restaurants located in an economic development area in Clarksville in Clark County.

The bill provides that these permits shall be issued through an auction conducted by the ATC under IC 7.1-3-22-9. The bill also provides that the minimum bid for one of these permits is \$35,000. Therefore if all 10 permits are issued for \$35,000 in each of the 3 listed areas, and all 5 permits are issued in Clarksville for \$35,000, the increase in permit fee revenue will be approximately \$1.225 M. Ultimately, the date of the auction and the amount winning bids will determine the timing and the amount of this bill's fiscal impact.

The bill also provides that the renewal fee for each of the 5 permits issued in Clarksville will be \$1,350. This means there will be an ongoing fiscal impact on fee revenues since the highest permit fee is \$1,000 for a 3-way permit under current law. The exact amount of the increase will depend upon which type of permit is issued and when the permit is up for renewal.

Fee revenues collected from one-way, two-way, and three-way permits is to be deposited in the Excise Fund and then distributed 37% to the state General Fund; 33% to the general funds of cities, towns, and counties, based on population and 30% to the ATC's Enforcement and Administration Fund.

Background: A one-way permit is for a restaurant that serves beer only. A two-way permit allows a restaurant to serve both beer and wine, and a three-way permit allows a restaurant to serve beer, wine, and liquor.

Explanation of Local Expenditures:

Explanation of Local Revenues: Fee revenues collected from one-way, two-way, and three-way permits is to be deposited in the Excise Fund and then 33% to the general funds of cities, towns, and counties, based on population. The increase in fee revenue distributed to the locals is estimated to be minimal.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected: All.

Information Sources:

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